

NATIVE HAWAIIAN HOUSING PLAN COVER SHEET

Department of Hawaiian Home Lands (DHHL)

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<u>X</u>	Original Submission	<u></u>	Amended Submission
<u>2004</u>	Federal Fiscal Year	<u>04NHGHI0001</u>	Grant Number
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NATIVE HAWAIIAN HOUSING PLAN

This form is for use by the DHHL to identify the location of the required elements of the Native Hawaiian Housing Plan (NHHP)

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1-YEAR NATIVE HAWAIIAN HOUSING PLAN

The 1-Year Plan section of the Native Hawaiian Housing Plan must contain information relating to the fiscal year for which assistance is to be made available, including the following:

1. GOALS AND OBJECTIVES - A statement of the goals and objectives to be accomplished during the period.

Goal No. 1: Increase the affordable housing inventory on Hawaiian home lands to meet the increasing or unmet demand for housing by low-income native Hawaiian families.

Objective 1A: Increase the supply of affordable housing units through the construction of infrastructure improvements or single-family, multi-family, rent-to-own, or rental housing.

Tasks and Activities:

- i. Design and construct new infrastructure improvements for at least one single-family residential subdivision to serve at least 75 eligible families.
- ii. Provide funding for technical assistance for at least one affordable housing project that encourages the self-help (sweat equity) construction method to assist a minimum of ten (10) low-income families achieve homeownership.
- iii. Support the provision of affordable housing by offering appropriate subsidies, which may be recaptured during the useful life period, and low-interest loans to at least 20 eligible native Hawaiians.

Objective 1B: Assist in the preservation and revitalization of existing homes and communities on Hawaiian home lands.

Tasks and Activities:

- i. Continue working with existing Federal, State, local or private resources available for housing rehabilitation to eliminate duplication of services and leverage NAHASDA grant dollars.
- ii. Continue providing subsidized loans and/or grants to assist at least 20 eligible families rehabilitate or expand existing housing units.

Goal No. 2: Support the development and maintenance of healthy and safe communities on Hawaiian home lands.

Objective 2A: Support community-based initiatives that encourage “healthy” communities.

Tasks and Activities: Develop a community facility within at least one homestead community to provide a meeting area and services for kupuna (elderly) and youth activities, cultural activities, community gardens and a police substation.

Objective 2B: Enhance public safety in the homestead communities.

Tasks and Activities: Work with community and resident organizations to develop projects that address drug abuse (such as “scared straight”), family abuse, community policing, and traffic (speed bumps) within at least two communities.

Goal No. 3: Encourage self-determination within native Hawaiian communities located on Hawaiian home lands in resolving housing and community development issues.

Objective: Equip and empower community organizations and the Hui Kako`o to become active partners in resolving housing and community development issues within their communities.

Tasks and Activities: DHHL staff and/or contractor to educate community-based organizations located on Hawaiian home lands, Hui Kako`o, non-profit and for-profit affordable housing providers, native Hawaiian service organizations, State and local housing agencies, and other organizations that provide housing and community services about eligible activities that can be funded by NAHASDA, to build capacity within these organizations and to provide assistance in applying for grants or loans as sub-recipients to do housing-related activities.

Goal No. 4: Continue educational and training programs to address the housing and community needs on Hawaiian home lands.

Objective: Encourage the continuing development of and access to educational programs that assist native Hawaiian families with financial literacy and pre- and post-homebuyer education, especially where new subdivisions have been or will be constructed.

Tasks and Activities: Contract with private non-profit or for-profit organizations to provide homebuyer counseling services or financial literacy education to native Hawaiian families who are eligible to purchase NAHASDA-assisted units, to assist families who are delinquent in their mortgage payments, to provide early intervention when families are in crisis and to provide training to families in financial management for life strategies.

Goal No. 5: Enhance the capacity to implement NAHASDA and actively seek partnership opportunities with non-profit and for-profit housing and housing related service providers.

Objective 5A: Provide sufficient administration and organizational capabilities to manage affordable housing programs, properties, and assets on Hawaiian home lands.

Tasks and Activities: Hire a grants specialist to assist in the reviewing of grant proposals, documenting grants, monitoring of subrecipients, and record keeping.

Objective 5B: Continue collaborative partnerships addressing affordable housing needs.

Tasks and Activities:

- i. Continue to provide opportunities for applicant based organizations, such as Hui Kako`o, to organize area applicants to participate in planning of future homestead developments.
- ii. Pursue the use of Section 184A loan program.

2. STATEMENT OF NEEDS - A statement of the housing needs of the low-income Native Hawaiian families served by the DHHL, and the means by which such needs will be addressed during the period covered by the plan, including a description of:

- a. The estimated housing needs and the need for assistance for the low-income Native Hawaiian families to be served by the DHHL, including a description of the manner in which the geographical distribution of assistance is consistent with the geographical needs of those families, and the need for various categories of housing assistance.**

The Hawaiian Homes Commission Act of 1920, as amended, a Federal act, established the Hawaiian home lands trust and defined the population eligible to reside on Hawaiian home lands as those native Hawaiians with at least 50% Hawaiian blood and their successors or assignees of less than 50% Hawaiian blood. For the purposes of this plan, this population is referred to as native Hawaiians (native spelt with a small n instead of capital N). Estimates of the native Hawaiian population, a subset of the Native Hawaiian population, range from approximately 45,000 to 70,000, although this number remains difficult to measure. Therefore, to identify this subset of native Hawaiians (50% Hawaiian blood or such lower percentage as may be established in Sections 207, 208 and 209 of the Hawaiian Homes Commission Act of 1920, as amended) for the purpose of this plan, a population of 43,333 will be used. This reflects the number of individuals currently living on Hawaiian home lands (22,539) per the 2000 Census and the number of applicants on the Department of Hawaiian Home Lands' (DHHL) waiting lists as of December 31, 2003 (20,794).

In 2003, DHHL contracted with SMS Research & Marketing Services, Inc. (SMS) to update the Beneficiary Needs Survey conducted in 1995. The 2003 survey documented an increase in need from the 1995 Beneficiary Needs Survey and the 1995 HUD study. For purposes of this plan, data from the 2003 SMS survey will be used and supplemented with data from the 1995 HUD study.

The data within the 1995 HUD study indicated that 41% of residents on the homelands were at 80% or below the area median income. The 2003 SMS survey states that 62% percent of the households on Hawaiian home lands are below the HUD 80% of median guide. Applying that data to the number of individuals on the home lands and applicants on the waiting lists (43,333), the number of NAHASDA eligible individuals is approximately 26,866.

In Calendar Year 2003, the application waiting list grew by 934 applicants and the number of leases increased by 80 (of this number 60 lessees were assisted by the NHHBG - 17 in Waiehu Kou, Maui; 33 in Maluohai, Oahu; 10 in Waianae, Oahu).

Geographical Distribution

Native Hawaiian households in the State are more likely than their non-Native counterparts to reside on islands other than Oahu. Of those native Hawaiian households on Oahu, only 24% reside in the city of Honolulu, compared to 40% of non-native Hawaiian households.

The land distribution of Hawaiian home lands supports this geographical distribution of native Hawaiian households. The bulk of the home lands are found on the outer islands of Hawaii, Maui, Molokai and Kauai. Although lands on Oahu represent less than 5% of the total Hawaiian home lands inventory, 54% of the leases are located on Oahu, 24% on the island of Hawaii, 7% on the island of Maui, 7% on the island of Kauai, and 8% on the island of Molokai. The distribution of applications for Hawaiian home lands is 29% for Oahu, 36% for Hawaii, 20% for Maui, 5% for Molokai and 10% for Kauai.

Low Income Housing Needs

For low-income native Hawaiian households (those making less than 80% of area median income), housing needs are severe with 68% of these households experiencing some kind of housing problem such as affordability, overcrowding, structural quality, availability or some combination of these problems. For very low-income households (those making less than 50% of area median income) the needs are even more severe with nearly 75% of the households in this category facing some kind of housing problem. While housing needs are serious for the native Hawaiian population as a whole, the situation is even more critical for the low- and very low-income native Hawaiian households. The percentage of low-income native Hawaiian households that experience housing problems is more than double the percentage of native Hawaiian households as a whole with housing problems - 68% versus 27%. For very low-income native Hawaiian households, this percentage is almost triple - 75% versus 27%.

Addressing the Needs

Given these housing needs, DHHL will focus the use of NAHASDA funds on increasing the supply of affordable housing units or to rehabilitate and/or expand existing units to relieve some of the overcrowding pressures experienced in native Hawaiian households.

In concert with other State and County agencies, DHHL will promote the use of Section 8 vouchers for homeownership in homestead projects. In addition, DHHL hopes to support healthy and safe communities, empower resident organizations, and promote self-sufficiency for native Hawaiian families.

b. The estimated housing needs for all Native Hawaiian families to be served by the DHHL.

In 1995, HUD conducted a study of the housing needs for the native Hawaiian population. This study, entitled Housing Problems and Needs of Native Hawaiians, represents the most comprehensive information on the topic of housing needs for native Hawaiians. The SMS survey done in 2003 will be used to update the HUD study where data is available.

Population

Although Hawaiian home lands are found only in the State of Hawaii, native Hawaiians are found throughout the United States. In 2000, the population of native Hawaiians, as reported by the U.S. Census, totaled more than 140,000. Approximately 80,000, or 57%, native Hawaiians reside in the State of Hawaii. Of this number, the 2000 Census reports that 22,539 native Hawaiians live on Hawaiian home lands. In addition, there are 20,794 applicants on DHHL's waiting lists as of December 31, 2003. There are instances where

more than one member of a household is an applicant; however, it is estimated that no more than 10% of all applicants reflect duplicate households. Therefore, DHHL estimates that the 20,794 applicants on the waiting lists represent approximately 18,715 families.

Age, Education, Size of Households

Native Hawaiians residing in Hawaii are considerably younger than the non-native population in the State. About 63% of all lessee households had one or more children present in 2003 - 20% of these households had 3 to 4 children and 6% had between 5 and 10 children. In addition, native Hawaiian families tend to be larger and more likely to include more than one family. The SMS survey documents that this is particularly true on the home lands where 24% of households include more than one family compared to 9% of non-native Hawaiian households in the State. Most DHHL lessee households consist of 3 to 7 people (a mean household size of 4.0) as compared to households of 2.9 for other ethnic groups. Formal education levels are lower for native Hawaiians, with only 9% of native Hawaiians graduating from college compared to 24% of the non-native Hawaiian population in the State.

Tenure and Housing Stock

While homeownership rates in Hawaii are typically lower than the U.S. as a whole, homeownership rates for native Hawaiians residing in urban Hawaii are particularly low. Only 38% of native Hawaiians own their home in urban Honolulu, compared to 48% for non-native Hawaiians. This disparity continues in other urban areas of the State where 51% of native Hawaiians own their homes compared to 60% for non-natives. The tenure rates are dramatically different on Hawaiian home lands where nearly 100% of the units are owner-occupied.

Generally, native Hawaiians are more likely to reside in older housing. Approximately 30% of native Hawaiians reside in units built before 1960 compared to 26% of the non-native Hawaiian population in the State. For native Hawaiians residing in urban Honolulu, the difference is even more severe with 45% of native Hawaiians residing in units built before 1960 compared to 29% for non-natives. About half of the housing units occupied by DHHL lessees in 2003 were more than 23 years old.

In addition, native Hawaiian owners are more likely to live in single-family dwellings, 90% of native Hawaiian owners compared to 79% for non-native owners. This preference is also true for native Hawaiian renters who tend to live in single-family dwellings at higher rates than non-natives.

Income

Native Hawaiian households are more likely to be very low-income than non-native Hawaiian households. Approximately 27% of all native Hawaiian households have incomes less than 50% of the area median compared to 23% of non-native Hawaiian households. For renter households, over 40% of native Hawaiian renter households have incomes less than 50% of the area median compared to 36% of non-native households.

Owner households on Hawaiian home lands are among the poorest of native Hawaiian

households with approximately 25% having income lower than 50% of the area median compared to 14% of all native Hawaiian owner households.

3. FINANCIAL RESOURCES- An operating budget for the DHHL, including:

An identification and a description of the financial resources reasonably available to DHHL to carry out the purposes of the Hawaiian Homelands Homeownership Act of 2000 (HHHA), including an explanation of the manner in which amounts made available will be used to leverage additional resources.

a. Operating Budget for NAHASDA

Block Grant (Title VIII) Program:	\$9,443,950.00
Development/loan programs	\$7,851,753.00
Housing Services	\$ 400,000.00
Housing Management	\$ 100,000.00
Crime Prevention & Safety	\$ 120,000.00
Model Activities	\$ 500,000.00
Administration & Planning	\$ 472,197.00
Grant Amount:	\$9,443,950.00

184A Loan Guarantee Program:	\$1,000,000.00
184A Loan Guarantees	<u>\$1,000,000.00</u>
Loan Guarantee Amount:	\$1,000,000.00

Total NAHASDA Appropriation: \$10,443,950.00

Funds made available to DHHL will be used to implement the NAHASDA program on Hawaiian home lands. In addition, DHHL trust funds will be used to augment all programs for beneficiaries who are not eligible for NAHASDA.

Currently, the following programs have been utilized on Hawaiian home lands: private sector lending for interim construction and permanent mortgage financing under FHA Section 247; Low Income Housing Tax Credits; Veterans Affairs home financing programs; Rural Development (United States, Department of Agriculture) programs; Community Development Block Grant funding; Economic Development Administration grants; Federal Home Loan Bank of Seattle grants; Habitat for Humanity; and other State, local and non-profit resources. DHHL will actively seek opportunities to leverage NAHASDA funding with other Federal, State, County and private resources either through expanding programs that currently operate on Hawaiian home lands or by seeking new opportunities with different funding partners.

DHHL has begun discussions with lenders to use the Section 184A loan guarantee to finance the construction of 17 houses on Hawaiian home lands in Waiohuli, Maui.

b. The uses to which such resources will be committed, including eligible and required

affordable housing activities, and administrative expenses.

Block Grant (Title VIII) Program:

Development/Loan/Grants	\$7,851,753.00	(Objectives 1A and 1B)
Housing Services	\$ 400,000.00	(Objectives 3 and 4)
Housing Management	\$ 100,000.00	(Objectives 1A and 1B)
Crime Prevention & Safety	\$ 120,000.00	(Objective 2B)
Model Activities	\$ 500,000.00	(Objective 2A)
<u>Administration & Planning</u>	<u>\$ 472,197.00</u>	<u>(Objectives 5A and 5B)</u>
Total Block Grant Obligation:	\$9,443,950.00	

184A Loan Guarantee Program:

184A Loan Guarantees	\$1,000,000.00
Total Loan Guarantee Obligation:	\$1,000,000.00

Total NAHASDA Obligation: \$10,443,950.00

4. AFFORDABLE HOUSING RESOURCES - A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including a description of:

- a. The significant characteristics of the housing market in the State of Hawaii, including the availability of housing from other public sources and private market housing; and the manner in which the characteristics influence the decision of the DHHL to use grant amounts to be provided under this Act for rental assistance, the production of new units, the acquisition of existing units, or the rehabilitation of units.**

The housing market in Hawaii is influenced by a number of factors including population, economic conditions, and the cost of housing.

A key characteristic in Hawaii's housing market is high prices. Hawaii is one of the most expensive housing markets in the United States. In the City and County of Honolulu, the first quarter of 2004 showed the median sales price for a single-family house was about \$435,000 and the median price of a condominium was about \$205,000 (Honolulu Board of Realtors). Not only are housing prices high, they have grown at a rapid pace in recent history. In the City and County of Honolulu, the median sales price for a single-family home in the first quarter of 2003 was approximately \$350,000. That represents an increase of almost 25% in a 12-month period!

Pressures on both the supply and demand side of the market influence the high housing costs found in Hawaii. The lack of available land that can be developed for housing and the high cost of materials and labor impact the cost of housing. On the demand side, income growth, lower interest rates, increase in household formation due to a relatively young age structure, and the demand for housing by in-migration from the Mainland and by off-shore investors enhance the demand for housing, thereby driving up the cost of

units.

Despite high costs for housing, wages remain relatively low in Hawaii making housing affordability a major issue for residents of the state. Because wages remain relatively low, families living in Hawaii often work more than one job to make ends meet.

Population

Hawaii's resident population increased at a slower rate than the Mainland, which grew by almost 12%. From 1990 to 2000, Hawaii's population grew by 8.5% to a total population of 1,211,537 persons. Growth in the Counties of Hawaii, Kauai, and Maui outpaced the most populated county, the City and County of Honolulu. The 2000 Census reports that there are 80,137 native Hawaiians living in Hawaii. It is difficult to determine the population growth rate for Hawaiians between the 1990 and 2000 Census because the "race" category was defined differently for the two census periods.

Economy

Through most of the mid-90s, Hawaii experienced an economic slowdown. Recovery of Hawaii's economy began in the late 90s with the economy moving into expansion by the fourth quarter of 1999. Employment and the number of jobs rose while unemployment continued to fall. Personal income in Hawaii increased in the third quarter of 1999, while the daily visitor count in Hawaii, a measure of the health of the tourism industry, continued to rise.

Cost of Housing

According to the 2000 Census, of the approximately 403,240 occupied housing units in the State, about 18,213 or 5% were occupied by native Hawaiians. Special tabulations from the Census identified 5,609 households, or 31% of native Hawaiian households resided on Hawaiian home lands. Close review of these statistics indicates that the count included housing units in Kalaupapa (137), which is a historic site on Hawaiian home lands; however, the residents are not Hawaiian home lands lessees. As of December 31, 2003, there were 5,916 residential leases statewide. The most common housing problem of residents in the State is affordability, and overcrowding is considered the largest housing problem for native Hawaiians.

As stated earlier, in the City and County of Honolulu, the first quarter of 2004 showed the median sales price for a single-family house was about \$435,000 and the median price of a condominium was about \$205,000 (Honolulu Board of Realtors). Not only are housing prices high, they have grown at a rapid pace in recent history. In the City and County of Honolulu, the median sales price for a single-family home in the first quarter of 2003 was approximately \$350,000. That represents an increase of almost 25% in a 12 month period!

Influence of Housing Market Characteristics

Based on the local housing market, DHHL will focus the use of NAHASDA funds on the development of additional affordable housing units to relieve some of the overcrowding in native Hawaiian households. Additionally, with the increase in the native Hawaiian

population and slow recovery of the State's economy, educational programs will continue to be pursued to offer financial counseling and homebuyer classes. Community-based initiatives, which will contribute to building stronger and healthier communities, will continue to be supported.

- b. The structure, coordination, and means of cooperation between the DHHL and any other governmental entities in the development, submission, or implementation of the housing plan, including a description of the involvement of private, public, and nonprofit organizations and institutions; the use of loan guarantees under section 184A of the Housing and Community Development Act of 1992; and other housing assistance provided by the United States, including loans, grants, and mortgage insurance.**

DHHL, homestead associations, community groups, government officials, and private non-profits will play a major role in the development of programs and services depicted in the Native Hawaiian Housing Plan.

- On May 22, 2004, the leadership of Hawaiian home lands communities and the Hui Kako'o Aina Ho'opulapula (Hui Kako'o), which represents the applicants on the DHHL waiting lists, were asked to accept, delete or add eligible activities in the draft 2004 Native Hawaiian Housing Plan. Those represented were:
 - SCHHA Executive Board members
 - Maku'u Farmers Association (East Hawaii)
 - Kawaihae Puaka'ilima Community Association (West Hawaii)
 - Aboriginal Native Hawaiian Association
 - Waimea Hawaiian Homesteaders Association (West Hawaii)
 - Kaniohale Homestead Association (West Hawaii)
 - Anahola Hawaiian Homes Association (Kauai)
 - Anahola Hawaiian Land Farms Association (Kauai)
 - Ka'ohana O Kahikinui (Maui)
 - Paukukalo Hawaiian Homestead Community Association, Inc. (Maui)
 - Waiohuli Hawaiian Homesteaders, Inc. (Maui)
 - Hoolehua Homestead Association (Molokai)
 - Hoolehua Homestead Agricultural Association (Molokai)
 - Kapaakea Homestead Association (Molokai)
 - Kamiloloa-One Alii Homesteaders Association (Molokai)
 - Kalamaula Mauka Homestead Association (Molokai)
 - Nanakuli Hawaiian Homestead Community Association (Oahu)
 - Waianae Kai Hawaiian Homestead Association (Oahu)
 - Waianae Valley Homestead Community Association (Oahu)
 - Papakolea Community Association (Oahu)
 - Princess Kahanu Estates Hawaiian Homes Association (Oahu)
 - Waimanalo Hawaiian Homes Association (Oahu)
 - Hui Kako'o Aina Ho'opulapula (Application Task Force Group)

The participants agreed that the activities in the draft plan were still priority for their communities--low-cost and self-help housing, low interest loans, recreational areas and playgrounds, safety programs and educational and social support programs that assist native Hawaiians. Other comments were that DHHL consider adding:

- ❖ Transitional housing for the homeless
- ❖ Facilities—water tank in Anahola, Kauai
- ❖ Playground facilities
- ❖ Downpayment assistance, low interest loans and individual development accounts

These activities can be addressed within the draft plan by way of proposals for model activities or other grants.

There was discussion about targeting one or two communities for services and grants. A comment was made that targeting communities would be divisive and that instead of communities, target one or two eligible activities. Agreement was arrived on this comment.

- Meetings were held in March, April and May with DHHL administrators and branch chiefs to discuss and prioritize the housing and community development needs of the native Hawaiian community served by DHHL. Available lands, development plans and timeframes were discussed and projects identified for utilizing NHHBG funds for infrastructure development.
- On May 27, 2004, a copy of the 2004 Native Hawaiian Housing Plan was provided to the Housing Directors in the State, listed below, to solicit their comments:
 - Hawaii's local HUD office;
 - United States, Department of Agriculture, Rural Development (RD);
 - Office of the Governor, State of Hawaii;
 - State Housing and Community Development Corporation of Hawaii (HCDCH);
 - Counties of Hawaii, Kauai, Maui and City and County of Honolulu;
 - Office of Hawaiian Affairs (OHA).

At the time the draft plan was distributed to the Housing Directors, a comment was made that DHHL should include a program to house the homeless as there are families on the beach at Waianae who are Hawaiian. At the current time the NHHP does not include any homeless program as the DHHL's focus is on homeownership. However, the comment will be taken into consideration in future NHHPs.

- On May 27, 2004, a copy of the 2004 Native Hawaiian Housing Plan was sent

to the Hawaiian Service Institutions and Agencies (HSIA) to obtain their comments. Members of the organization are:

- Queen Liliuokalani Children's Center – A private, non-profit social service organization for Hawaiian orphan and destitute children;
- Lunalilo Home – A trust that strives to respect each resident's dignity, while providing them a high quality of elderly care services in a loving, family home environment;
- Queen Emma Foundation – A non-profit organization whose mission is to support and advance health care in Hawaii, primarily through The Queen's Medical Center;
- Alu Like – A private, non-profit, community-based multi-service organization serving Native Hawaiians in their efforts to achieve social and economic self-sufficiency;
- Kamehameha Schools – A trust that exists to carry out in perpetuity the wishes of Princess Bernice Pauahi Bishop to educate children and youth of Hawaiian ancestry.
- Office of Hawaiian Affairs (OHA) – A trust whose mission it is to protect Hawaii's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally.
- Bernice Pauahi Bishop Museum – The State Museum on Natural and Cultural History; its mission is to record, preserve and tell the stories of Hawai'i and the Pacific, inspiring its guests to embrace and experience Hawaii's natural and cultural world.
- Papa Ola Lokahi—A non-profit organization formed to address the health care needs of the Native Hawaiian people.

The draft NHHP is located on the DHHL website for the public to view and comment if anyone desires.

As a result of the input from these meetings or comments from the distribution of the draft NHHP, the NHHP was finalized and presented to the Hawaiian Homes Commission (HHC), the policy making executive board for DHHL, on June 22, 2004 for approval before submitting to HUD.

Section 184A Loan Guarantee Program

The Section 184A Loan Guarantee Program, which is similar to the Section 184 Loan Guarantee Program giving Native Americans access to private mortgage financing by providing loan guarantees to lenders, was not implemented by DHHL in the first program year. DHHL had intended to use the loan program for individual borrowers; however, due to questions on the procedures in the event of default of the borrower, the program was not implemented. The Rules at 24 CFR Part 1007 does allow DHHL to be the institutional borrower to provide affordable housing products to eligible beneficiaries; therefore, DHHL

will continue to utilize the program in this manner, while continuing to explore the use of the Section 184A Loan Guarantee Program for individual borrowers.

Other Federal Housing Assistance

Other housing assistance provided by the Federal government that is available for use on Hawaiian home lands include the FHA 247 loan program, FHA 203K loan program for rehabilitation, Veterans Affairs home financing programs, Rural Development (United States Department of Agriculture) programs, and low-income housing tax credits. Of these programs, the FHA 247 program has been the most successful with a current portfolio of over \$250 million in mortgage loans.

The Housing and Community Development Corporation of Hawaii (HCDCH) is a state agency that provides affordable and public housing to residents of Hawaii. DHHL often partners with this agency and other state and county departments to obtain housing information through surveys and studies. The HCDCH has published rules for the use of Section 8 Vouchers for Homeownership and DHHL continues to work with HCDCH to utilize the program on Hawaiian home lands.

c. The manner in which the plan will address the needs identified pursuant to the Statement of Needs section in paragraph 2 above.

Based on information gathered from community meetings, commissioners, and waiting list applicants, the DHHL has established goals and objectives in the plan to address the needs and priorities of native Hawaiians. The proposed activities include new construction to increase the supply of affordable housing, housing rehabilitation to alleviate substandard conditions and overcrowding, homeownership programs to accommodate a wide spectrum of income levels, grants and loan programs to ensure that costs are affordable to participating families, and counseling and education programs to enhance our clients' ability to achieve homeownership.

d. Any existing and anticipated homeownership programs and rental programs to be carried out during the period, and the requirements and assistance available under such programs.

Existing Housing Assistance

As part of its mission, DHHL develops and delivers land to native Hawaiians eligible to occupy Hawaiian home lands. The primary responsibility of DHHL's development arm is to deliver homestead lots for lease to native Hawaiians that are beneficiaries of the Hawaiian home lands trust. This objective is accomplished through the construction of off-site and on-site improvements to enable the development of residential, agricultural, and pasture lots available to lease for homesteading purposes. To reduce the pressures of overcrowding, DHHL plans to increase the inventory of affordable housing by building additional units or by developing land available for the construction of units. DHHL will continue to promote homeownership on the home lands, and will pursue housing that is consistent with native Hawaiian preferences for single-family dwellings.

- 1) The mutual self-help method of constructing houses is instrumental in providing low-income families affordable homes. A group of seven to ten families (for example) work together under the supervision of a contractor. The families work on all houses in phases; i.e., foundations are installed on ten lots by members of the families, then they work together to frame the houses, construct the roofs, etc. No one moves into the homes until all homes are completed. Families are required to work a minimum number of hours each week, usually on weekends.
- 2) Partnerships with county agencies and non-profit entities will continue to be fostered to provide home repair loans to eligible native Hawaiian families using NAHASDA funds. These entities have staff to inspect and evaluate dwellings needing repair. There are existing procedures regarding lead-based paint detection and abatement. DHHL will contract services for lead-based paint risk assessment.
- 3) DHHL will continue to provide grants (subrecipient agreements) to non-profit and for-profit entities to conduct educational and training programs that promote economic self-sufficiency for native Hawaiians and their families. Given the lower rate of formal education within the native Hawaiian population and the lower incomes, these programs provide native Hawaiian families with greater economic opportunities and better skills in dealing with financial matters they face.

DHHL also partners with private for-profit and non-profit entities to construct housing units on Hawaiian home lands. Large developments, 200 plus units, and small in-fill housing projects have been constructed through private parties. In addition, DHHL has partnered with non-profit housing providers, including Habitat for Humanity and self-help housing entities, to create homeownership opportunities for native Hawaiian families with low and very-low incomes.

DHHL has successfully leveraged private funds to assist in the development of housing projects on Hawaiian home lands. Typically, DHHL funds the development of off-site and on-site infrastructure improvements with internal resources. The private developer obtains an interim construction loan and permanent mortgage financing from private lenders. The FHA 247, USDA RD, and VA loan programs, along with DHHL's participation in providing adequate security for loans made, have encouraged the use of private capital resources on Hawaiian home lands.

Until recently, most of the housing developed on Hawaiian home lands consisted of homeownership units. This preference was supported by a condition in the homestead lease that required native Hawaiian lessees with a residential lease to occupy the property. The tremendous housing needs faced by the native Hawaiian population have prompted DHHL to pursue other tenure options on the home lands. In particular, DHHL aggressively pursued the development of rent-to-own projects.

Within the last five years, two programs were developed. One, a pilot program of eight homes and entitled "Deferred Purchase," allowed occupants to rent for approximately two years before converting to homeownership. Located in Hanapepe, Kauai, this program was intended for borrowers with sufficient income but borderline credit; however, it has been

more than two years and many of the renters have not been able to convert to homeowner. The second rent-to-own program is located in Kapolei, Oahu. A 70-unit development, this project utilized Low Income Housing Tax Credits (LIHTC) and must remain a rental for 15 years. All homes are occupied and will be offered for sale to qualified rental occupants at the end of 15 years at LIHTC subsidized amounts.

Another innovative rental housing development is the Waimanalo Kupuna project. The Office of Hawaiian Affairs (OHA), Hawaiian Home Lands Trust Fund, Federal Home Loan Bank of Seattle grants, Low Income Housing Tax Credits, the State Rental Housing Trust Fund, and private lenders partnered to create this rental housing project on Hawaiian home lands. Eighty-five (85) units were made available to low and moderate income elderly (62 years of age and over).

Anticipated Housing Assistance

DHHL will utilize the NHHBG to develop on-site infrastructure improvements for a residential subdivision in Kapolei, Oahu, and a subdivision in Kula, Maui, which will result in more than 75 additional residential lots for beneficiaries of the Hawaiian home lands program.

The NHHBG will provide funds for the technical assistance for a self-help project to assist low-income native Hawaiian families achieve homeownership. This program may provide loans, grants, financial counseling, and assistance in the construction of the houses.

DHHL continues to explore the use of the Section 8 Homeownership Option Program on Hawaiian home lands. This program provides eligible tenants the ability to use their Section 8 tenant-based vouchers for mortgage payments. Further, it requires homebuyers to attend home maintenance classes and the leases to participants include a recapture clause based on the percentage of homeownership assistance received during the first 10 years. The Housing and Community Development Corporation of Hawaii (HCDCH) is the lead agency implementing this program in the State. DHHL will work with HCDCH to bring this program to Hawaiian home lands.

- e. **Any existing and anticipated housing rehabilitation programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan, and the requirements and assistance available under such programs.**

DHHL will to continue to support rehabilitation programs that ensure the long-term viability of housing units on Hawaiian home lands.

Existing Housing Rehabilitation Programs

DHHL does not administer or manage an active housing rehabilitation program. Currently, DHHL offers an emergency housing assistance loan for native Hawaiian lessees residing on Hawaiian home lands who are in dire need. The loan request must demonstrate a concern for the health and safety of the resident(s) and/or community. Loan requests are evaluated on a case-by-case basis.

Other funding sources for use on Hawaiian home lands are available from the following agencies:

- Federal, FHA 203K
- Federal, Veterans Administration (VA) Guaranteed Loans
- Federal, United States Department of Agriculture, Rural Development (RD) 504 Program
- Local Government, City and County of Honolulu, Rehabilitation Loan Program
- Office of Hawaiian Affairs

Anticipated Housing Rehabilitation Programs

DHHL partners with Federal, State, local or private resources to develop new or expand existing housing rehabilitation programs for use on Hawaiian home lands. Prior to obligating NAHASDA funds, DHHL will develop and submit a detailed description of rehabilitation program requirements.

- f. **All other existing or anticipated housing assistance provided by the DHHL during the period, including transitional housing, homeless housing, college housing, and supportive services housing; and the requirements and assistance available under such programs.**

Existing Housing Assistance

DHHL partners with housing assistance providers on Hawaiian home lands.

DHHL provides grants through its Community Development Program (CDP) to assist homestead communities develop community-based projects that result in new homes, education, job preparation and training, recreational activities, health services, farming assistance, or legal assistance. DHHL also offers homestead communities and applicant groups organizational support by providing information on DHHL's programs and services.

Through the NHHBG, DHHL provided subrecipient agreements to Nanakuli Housing Corporation and Hawaiian Community Assets to do homeownership counseling to applicants eligible to receive Hawaiian homestead lease awards and lessees who need assistance.

Anticipated Housing Assistance

Through the NAHASDA Community Grant Program, grant proposals will be funded to provide housing assistance identified in the Native Hawaiian Housing Plan.

- g. **Any housing to be demolished or disposed of; a timetable for such demolition or disposition; and any other information required by the Secretary with respect to such demolition or disposition.**

Through a NHHBG subrecipient agreement, the Hawaiian Community Development Board will provide technical and downpayment assistance to 25 families on the island of Oahu

to demolish their existing homes, which are in major disrepair, and construct replacement homes.

- h. The manner in which the DHHL will coordinate with welfare agencies in the State of Hawaii to ensure that residents of the affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency.**

Currently, DHHL staff refers program beneficiaries with other public assistance needs to various state and county agencies for services provided to Hawaii residents or to non-profit or for-profit agencies that provide services not available at DHHL. There may be instances where a client will contact DHHL because an elderly person is in need of care, a disabled person is in need of financial assistance, a child has been left unattended, there is family abuse, etc, and staff will assist the client contact the appropriate service agency.

The State Department of Human Services (DHS) administers individual and family financial assistance programs that provide cash payments to help individuals and families receive basic essentials. The programs include Temporary Assistance to Needy Families (TANF), Temporary Assistance to other Needy Families (TAONF), General Assistance (GA), Aid to the Aged, Blind and Disabled (AABD), and the Food Stamps program. Medical assistance is provided through the Hawaii QUEST and Medicaid fee-for-services programs. Vocational rehabilitation services are provided to persons with disabilities.

- i. The requirements established by the DHHL to promote the safety of residents of the affordable housing; facilitate the undertaking of crime prevention measures; allow resident input and involvement, including the establishment of resident organizations; and allow for the coordination of crime prevention activities between the DHHL and local law enforcement officials.**

DHHL coordinates efforts with the Police Narcotics Division, the Sheriff's Office and the Attorney Generals Office, Investigative Division, whenever there is evidence of drug problems or other crimes in the homestead area to do surveillance and evict the offending occupants.

Work is done in coordination with community organizations and schools to implement drug watches, community patrols, school safety campaigns, community cleanups, constructing speed bumps in danger areas, and other activities requested by the homestead communities.

Anticipated Community Assistance

DHHL Enforcement Branch will continue to work with community leaders to implement safety/policing programs.

- j. The entities that will carry out the activities under the plan, including the organizational capacity and key personnel of the entities.**

DHHL was created by the State Legislature in 1960 to administer the Hawaiian home lands

program and manage the Hawaiian home lands trust. DHHL is one of eighteen principal agencies of the Executive Branch of the State of Hawaii.

DHHL serves native Hawaiians or individuals of at least 50% Hawaiian blood, as defined by the Hawaiian Homes Commission Act of 1920, as amended, and their successors and assigns. These native Hawaiians are the beneficiaries of the Hawaiian home lands trust consisting of a land trust of over 200,000 acres, settlement monies from the State for the mismanagement of trust lands, funds received from the State general fund for a portion of its operating costs, and revenues and earnings from the land leasing program.

DHHL is governed by a nine-member board of commissioners headed by the Chairman, who also serves as the executive officer of DHHL. The Governor of the State of Hawaii appoints each commissioner and Chairman to a four-year term.

Currently, there are 128 full time employees in DHHL with six offices statewide. DHHL's main administrative offices are located in downtown Honolulu. Additionally, there are district offices in Hilo and Waimea, Hawaii; Lihue, Kauai; Wailuku, Maui; and Kalamaula, Molokai. DHHL is organized into four offices and three divisions under the Hawaiian Homes Commission and Office of the Chairman. The various offices and divisions are described as follows:

Administrative Services Office (ASO). ASO's 8 staff members provide DHHL staff support in the areas of personnel, budgeting, program evaluation, information and communication systems, risk management, facilities management, clerical services and other administrative services. This office also provides support services in preparation of legislative proposals and testimonies, coordinates the preparation of reports to the legislature and facilitates the rule-making process.

Fiscal Office (FO). The Fiscal Office consists of 13 staff members and provides accounting support for DHHL. One accountant is dedicated to the NHHBG.

Planning Office (PO). The Planning Office consists of 7 staff members and conducts research and planning studies required in the development of policies, programs, and projects to benefit native Hawaiians.

Information and Community Relations Office (ICRO). The Information and Community Relations Office disseminates information to the public on Department issues, oversees community relations with the various homestead communities and coordinates DHHL's ceremonies. ICRO's 3 staff members also publish DHHL's Ka Nuhou newsletters and annual reports to the State Legislature.

Homestead Services Division (HSD). HSD plays a vital role in DHHL's ability to determine the sentiments and concerns of its beneficiaries which, in effect, helps shape its programs and policies. HSD is composed of three branches: 1) Homestead Applications, 2) District Operations, and 3) Loan Services. HSD is the largest division in DHHL with a staff of 46 servicing more than 20,000 applicants and 7,000 lessees on five islands.

Land Management Division (LMD). LMD is responsible for managing Hawaiian home lands that are not used for homestead purposes. Unencumbered lands are managed and disposed of for long and short term uses in order to generate revenues and keep the lands productive while minimizing the occurrence of vegetative overgrowth, squatting or illegal dumping. LMD consists of the Land Management Branch, Technical Services Branch, and Enforcement and Maintenance Section. LMD's 12 personnel members are responsible for properly managing the lands in DHHL's inventory.

Land Development Division (LDD). LDD is charged with the responsibility of developing trust lands for homesteading and income-producing purposes. This is accomplished through the development of properties for residential, agricultural, pastoral, and economic development uses. LDD's 24 staff members carry out its responsibilities through three operating branches: 1) Housing Project – focusing on the construction of units and awarding of leases on available subdivided lots; 2) Design and Construction – concentrating on the design and construction of off-site and on-site improvements for the various subdivisions; and 3) Master-Planned Community – expediting the construction of housing options through partnerships with private sector and exploring other housing opportunities.

The following is a listing of the key personnel responsible for the implementation of DHHL and NAHASDA assisted programs:

Hawaiian Homes Commission

Micah A. Kane, Chairman
Trish Morikawa, Oahu Commissioner
Henry Cho, West Hawaii Commissioner
Thomas P. Contrades, Kauai Commissioner
Quentin Kawanakoa, Oahu Commissioner
Herring Kalua, East Hawaii Commissioner
Milton Pa, Molokai Commissioner
Mahina Martin, Maui Commissioner
Kaalele, Colin, Oahu Commissioner

Department of Hawaiian Home Lands

Micah A. Kane, Chairman
Ben Henderson, Deputy to the Chairman
Kaulana Park, HHL Executive Assistant
Rodney Lau, Administrative Services Officer
James Pao, Fiscal Management Officer
Darrell Yagodich, Planning Officer
Francis Apoliona, HHL Compliance and Community Relations Officer
Sandra Asato, Planning and Development Coordinator, NAHASDA
Lloyd Yonenaka, Information and Community Relations Officer
Daniel Kelii, Homestead Services Division Administrator

John Hirota, Homestead District Operations Manager
Mona Kapaku, Acting East Hawaii Homestead District Supervisor
James Du Pont, West Hawaii Homestead District Supervisor
Vanessa Medeiros, Maui Homestead District Supervisor
Roland Licon, Kauai Homestead District Supervisor
George Maioho, Molokai Homestead District Supervisor
Linda Chinn, Land Management Division Administrator
Joe Blevins, Land Development Division Administrator
Isaac Takahashi, Homestead Housing Specialist
Gerald Lee, Design and Construction Branch Chief
Stewart Matsunaga, Master Planned Community Branch Chief

TABLE 1
STATEMENT OF NEEDS

DEPARTMENT OF HAWAIIAN HOMELANDS (DHHL)

Grant Number	
Federal Fiscal Year	<u>2004</u>
DHHL Program Year	<u>7/01/04</u>
Housing Area	<u>Hawaiian Home Lands</u>

PART I: PROFILE FOR NATIVE HAWAIIAN AREA

	All Native Hawaiians in the Housing Area	
	All Income Levels	Low-Income
Column a	Column b	Column c
1. Total Native Hawaiian Population	22,539	13,974*
2. Number of Native Hawaiian Families	5,635**	3,494
3. Number of Elderly & Near Elderly Native Hawaiian Families	2,141***	1,328
4. Number of Native Hawaiian Families Living in Substandard Housing	113	70
5. Number of Native Hawaiian Families Living in Over-Crowded Conditions	1,240****	769

*2003 SMS Survey indicates that 62% of Hawaiian home lands households have income at or below 80% of the HUD median area income.

**2003 SMS Survey indicates that Lessee households average 4

***2003 SMS Survey indicates that 38% of lessees were 61 and older.

****2003 SMS Survey indicates that 22% of lessee households are overcrowded.

PART II: CURRENT STATUS AND FUTURE NEEDS

Type of Housing		Existing Housing	Unmet Needs for All Native Hawaiian Families	Unmet Needs for Low-Income Native Hawaiian Families
column a		column b	column c	column d
7. Rental Housing	a. Number of Units	155	1,871	1,160
	b. Number of Units Needing Rehabilitation	0		
8. Homeowner Housing	a. Number of Units	6,304	18,715	11,603
	b. Number of Units Needing Rehabilitation	2,938		
9. Supportive Service Housing (# of units)		0	NA	NA
10. College Housing (# of units)		0	NA	NA
11. Transitional Housing (# of units)		0	NA	NA
12. Homeless Housing (# of beds)		0	NA	NA
<p>Data Source:</p> <p>7a.(column b) Waimanalo Kupuna Project (85 units) + Maluohai Rent to Own (70)</p> <p>7a.(column c) DHHL waiting list has 20,794 individuals as of 12/31/03; subtracting 10% for married couples who both have applications, DHHL estimates that 10% may require rental housing</p> <p>7a.(column d) SMS 2003 Survey - 62% of native Hawaiian households are at 80% or below median (1,871 X 62% = 1,160)</p> <p>8a.(column b) 2000 Census (GCTH5&6) 5,609 + 695 units completed since 2000 Census</p> <p>8a.(column c) DHHL waiting list as of 12/31/03 less 10% for married couples who both have applications</p> <p>8a.(column d) SMS 2003 Survey - 62% of native Hawaiians are at 80% or below median (18,715 x 62% = 11,603)</p> <p>8b.(column b) SMS 2003 Survey indicates that 46.6% of units in need of some repair. 50% of units are more than 23 years old.</p> <p>9-12. Currently no data available to estimate demand as DHHL typically does homeownership.</p>				

TABLE 2
FINANCIAL RESOURCES

DEPARTMENT OF HAWAIIAN HOMELANDS

Grant Number _____
 Federal Fiscal Year 2004
 DHHL Program Year 7/1/04
 Original Submission x Amended Submission _____

PART I: SOURCES OF FUNDS FOR NATIVE HAWAIIAN BLOCK GRANT (NHHBG) ACTIVITIES	
Sources of Funds	Planned Amount
column a	column b
1. HUD Resources	
a. Native Hawaiian Block Grant	\$9,443,950
b. NHHBG Program Income	
c. Other HUD Programs	
2. Other Federal Resources	
a.	
b.	
c.	
3. State Resources	
a.	
b.	
c.	
4. Private Resources	
a.	
b.	
c.	
5. Total Resources	\$9,443,950

PART II: ALLOCATION OF FUNDS FOR NHHBG ACTIVITIES

Activity		Planned			
		Budgeted NHHBG Amount	Budgeted Other Amounts	Number of Units	Number of Families
column a		column b	column c	column d	column e
1. Development					
a. Rental	1. Construction of new units				
	2. Acquisition				
	3. Rehabilitation				
b. Homeownership	1. Construction of new units (infrastructure development)	\$6,851,753			
	2. Loan Programs	\$1,000,000			
	3. Grants				
2. Housing Services – Homeownership Education, Community Development & Capacity Building		\$ 400,000			
3. Housing Management Services-- Technical Assistance for Self-Help Housing, Loan Servicing		\$ 100,000			
4. Crime Prevention and Safety		\$ 120,000			
5. Model Activities (specify below)					
a. Homestead Community Center		\$ 500,000			
6. Planning and Administration		\$ 472,197			
7. Total		\$9,443,950			

OTHER SUBMISSION ITEMS

1. Useful Life

Section 813(a)(2) requires that housing remain affordable. The DHHL will determine the "useful life" period for its units. The useful life of each assisted housing unit in each development must be described. This information may be described here or in the affordable housing resources section of the 1-year plan.

DHHL intends to establish useful life periods as follows:

<u>NHHBG Funds Invested</u>	<u>Useful Life</u>
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years
New construction/acquisition	20 years

2. Model Housing Activities

The DHHL is required to submit proposals to operate model housing activities. If a model housing activity is to be undertaken during the 1-year plan period, proposals may be included here, in the affordable housing resources section of the 1-year plan, or as a separate submission. All proposals must be approved by the Secretary prior to beginning any model housing activity.

DHHL will submit proposals for model housing activities prior to implementation.

3. Planning and Administration

In accordance with the Interim Rule, state the percentage of annual grant funds that will be used for planning and administrative purposes.

DHHL will use 5% of the NHHBG funds for planning and administration.

NATIVE HAWAIIAN HOUSING PLAN CERTIFICATION OF COMPLIANCE